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Man Sues Over Soviet Paper's Spy Allegations

By WILLIAM OVEREND,
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A California businessman filed a \$320-million libel suit in Los Angeles federal court Monday against the Soviet Union and the Soviet newspaper Izvestia, claiming that he was falsely accused of being an American spy.

Raphael Gregorian, 55, owner of the California International Trade Corp., a Palo Alto medical equipment import-export firm, had imported medical and laboratory equipment into the Soviet Union for 14 years before the spy charges were made in Izvestia in October.

The Soviet Ministry of Foreign Trade withdrew his company's license for doing business in the Soviet Union in connection with the spy allegations, the first such action ever taken against a U.S. company.

Business Is 'Wiped Out'

Gerald Kroll, Gregorian's attorney, said in the lawsuit that as a result of the charges and the closure of the Moscow office of the import-export company, some U.S. firms doing business with Gregorian have refused to honor contracts worth "hundreds of thousands" of dollars.

Gregorian's business, Kroll added, has been virtually "wiped out" because of the spy allegations. The attorney said the charge was false and "based solely upon a desire to retaliate against an innocent American citizen" following the arrests in early October of two accused Soviet agents in Los Angeles accused of espionage activity with former FBI agent Richard W. Miller.

The Izvestia article made no specific allegations of espionage activities but charged that at international trade fairs in Moscow, Gregorian had "devoted his time not to trading negotiations, but rather to establishing unofficial contacts and ferreting out data and information." The newspaper said he had been playing a double game, posing as a business executive but attempting to make contact with Soviet officials who have been the targets of U.S. intelligence agencies.

Not Likely to Respond

Kroll said he is seeking to have the lawsuit heard in Los Angeles federal court in accordance with the Foreign Sovereign Immunities Act, which permits claims against foreign countries if they are commercial in nature.

The Soviet Union is not likely to respond to the charges even if a federal judge agrees to permit the lawsuit, Kroll said. He added that if the case is heard and there is no Soviet response, he would ask for a default judgment against the Soviet Union and Izvestia.

But actually collecting any money from the Soviet Union might prove difficult, Kroll conceded.

"Nobody says this is going to be easy," he said. "As far as recovery of money, we would have to look into Izvestia's assets in the United States and other Soviet assets."

A major purpose of the suit, Kroll added, is to clear Gregorian's name. He said he has appealed to Secretary of State George P. Shultz to help Gregorian obtain the reinstatement of his license to do business with the Soviet Union and to confirm that Gregorian, a naturalized U.S. citizen who was born in the Soviet Union, has had no involvement with U.S. intelligence activities.

In addition to accusing Gregorian of being a spy, Izvestia claimed that he was selling obsolete equipment to the Soviets at inflated prices.